



August 14, 2017

Richard Stafford
President & CEO

Mr. Gerard Poliquin
Secretary of Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

I am writing to you to discuss the proposal to close the Temporary Corporate Credit Union Stabilization Fund and raise the National Credit Union Share Insurance Fund's (SIF) normal operating level (NOL) to 1.39 percent.

We do support NCUA providing rebates to credit unions as soon as possible, although there are concerns with the proposed approach/procedure. Increasing the NOL would divert millions of dollars that should be returned to our industry.

NCUA estimates that closing the Stabilization Fund and transferring its assets to the SIF would increase the equity ratio to approximately 1.45 - 1.47 percent. At the current NOL of 1.30 percent, that would mean that 15-17 basis points, or \$1.5-\$1.7 billion should be returned to credit unions. This proposal would reduce that amount by more than half, and only give credit unions \$600-800 million. A partial rebate is not sufficient; credit unions have already paid for the financial crisis and are entitled to a full rebate that maximizes potential recoveries.

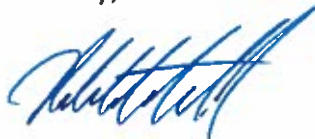
The current NOL of 1.30 percent is enough to weather economic downturns; it sufficed during the financial crisis, which was the greatest economic downturn since the Great Depression. If the SIF withstood the financial crisis, it stands to reason that the NOL does not need to be raised by 5 basis points, and the current level will enable the SIF to withstand a moderate financial crisis.

Additionally, the transfer of assets from the Stabilization Fund to the SIF would likely offset the additional liabilities of the NCUA Guaranteed Notes (NGN), thereby negating the need to increase the NOL by 4 basis points proposed by NCUA.

Finally, as others have noted, I believe that NCUA has the discretion to transfer assets directly from the Stabilization Fund to credit unions, especially to credit unions that hold corporate credit union capital notes. For example, the Southwest Corporate (SWC) Asset Management Estate (AME) does not owe the Stabilization Fund or SIF any money, and any related money should therefore be directly returned to SWC note holders.

I appreciate the opportunity to comment on this proposal. While I acknowledge the agency's dedication to return funds to credit unions, I believe a full rebate is critical to a Stabilization Fund disposition strategy. If I can provide further information on this comment letter, please do not hesitate to contact me at Richard.Stafford@towerfcu.org or by phone at (301) 497-7040.

Sincerely,



Richard Stafford
President & CEO

RS/vjs